Implementation of VAT in States

2453. SHRI N.K. PREMACHANDRAN: Will the Minister of FINANCE be pleased to state:

(a) whether Government propose to introduce any specific measures to help the States when Value Added Tax (VAT) is implemented;

(b) whether Government also propose to compensate the States at the time of implementation of VAT;

(c) whether Government have any proposal to sustain loss of consumer States like Kerala due to the implementation of VAT; and

(d) if so, the details in this regard?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI GINGEE N. RAMACHANDRAN): (a) to (d) The Value Added Tax (VAT) is more efficient and buoyant system of tax within the system of Sales Tax currently in operation in the States and Union Territories. Introdution of VAT, therefore, should not lead to a revenue loss. However, the Union Government has assured that it will stand by any eventuality faced by the States in case of problems faced in the initial period in their endeavour to replace the Sales Tax system with Value Added Tax system.

Defaulter Co-operative Banks in Gujarat

2454. DR. A.K. PATEL: Will the Minister of FINANCE be pleased to state:

(a) the number of co-operative banks working in Gujarat;

(b) the details of the co-operative banks which have defaulted;

(c) the action being taken against them;

(d) whether GovernmenfRBI are monitoring the functioning of these banks;

(e) if so, the reasons as to why they were not asked earlier to streamline the banks whose financial position was dwindling; and

(f) the steps being taken to avoid such defaults in future?